

Message Text

CONFIDENTIAL

PAGE 01 MEXICO 14263 01 OF 02 252337Z

ACTION SP-02

INFO OCT-01 ARA-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SS-15

USIA-06 DHA-05 AID-05 COME-00 EB-08 FRB-03

TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01

STR-04 CEA-01 IGA-02 MMO-01 IO-13 AGRE-00 INSE-00

/110 W

-----061205 260008Z /14

P 252331Z AUG 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 4517

C O N F I D E N T I A L SECTION 01 OF 02 MEXICO 14263

DEPARTMENT FOR S/P LAKE

EO 11652: GDS

TAGS: EGEN, ECIN, XX

SUBJECT: NORTH-SOUTH STRATEGIES

REF: STATE 191928

1. WE WELCOME THE OPPORTUNITY TO SUBMIT COMMENTS ON THIS IMPORTANT PROJECT. THOUGH WE NOTE THAT POSTS ARE ASKED TO EXPRESS VIEWS FOR THEIR GEOGRAPHIC AREAS, THE SITUATION IN MEXICO IS SO DISTINCT FROM CENTRAL AMERICA AND THE CARIBBEAN AS TO MAKE A REGIONALLY-ORIENTED RESPONSE NOT FEASIBLE.

2. INVOLVEMENT IN MULTILATERAL AND GLOBAL INSTITUTIONS. AS THE EMBASSY HAS COMMENTED EXTENSIVELY ON THIS TOPIC, WE ARE PROVIDING THE MOST RECENT CABLE REFERENCES AND SUMMARY CONCLUSIONS. THE MEXICAN GOVERNMENT IS ALREADY DEEPLY INVOLVED IN SUCH INSTITUTIONS. IN ITS VIEW IT IS INVOLVED "CONSTRUCTIVELY", THE PROBLEM IS THAT THE GOM POSITION NOT INFREQUENTLY IS AT ODDS WITH THAT OF THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 14263 01 OF 02 252337Z

USG. WE HAVE LITTLE MORE TO ADD AT THIS POINT, EXCEPT AGAIN TO CAUTION THAT THE GOM'S FAILURE TO SEE THINGS THE U.S. WAY IN MULTILATERAL FORUMS IS BASED ON GOM'S OWN PERCEIVED BEST INTERESTS AND IS NOT THE RESULT OF IGNORANCE, AN ANTI-U.S. VIEW OR LACK OF LOBBYING BY THIS EMBASSY OR U.S. DELEGATIONS. (PLEASE SEE MEXICO 12990, WHICH DEALS WITH MEXICO PRIMARILY, AND MEXICO

12512, WHICH IS OF A MORE GENERAL NATURE.)

3. DEVELOPMENT OF AN AID STRATEGY.

WHILE THE USG HAS NO BILATERAL AID PROGRAM WITH MEXICO, APART FROM POPULATION ASSISTANCE, MEXICO DRAWS ON U.S. RESOURCES FOR ECONOMIC DEVELOPMENT ON A VAST SCALE THROUGH THE MEDIUM OF PRIVATE U.S. BANKS, EXIMBANK AND THE IFI'S. MEXICO HAS PLAYED AN ACTIVE AND IMPORTANT ROLE IN THESE INSTITUTIONS. IN RECENT WEEKS, THE QUESTION OF MORE DIRECT U.S. ECONOMIC AID HAS BEEN JUST BENEATH THE SURFACE IN CONNECTION WITH THE PRESIDENT'S AUGUST 4 PROGRAMS FOR ILLEGAL MIGRANTS, AND EARLIER THIS MONTH FOREIGN SECRETARY ROEL REQUESTED FROM AID ASSISTANT ADMINISTRATOR VALDEZ INFORMATION ON USAID. ON THE U.S. SIDE SOME MEMBERS OF CONGRESS APPEAR TO BE QUESTIONING WHETHER U.S. AID MIGHT NOT APPROPRIATELY BE DIRECTED TOWARD COUNTRIES THAT ARE SOURCES OF ILLEGAL MIGRANTS. A RELATED ISSUE IS RECEIVING ATTENTION IN THE HOUSE SUB-COMMITTEE ON INTERNATIONAL DEVELOPMENT INSTITUTIONS AND FINANCE WHERE HEARINGS ARE UNDERWAY ON THE SUBJECT "ILLEGAL IMMIGRATION: CAN DEVELOPMENT BANK HELP STEM THE TIDE?" IN SUM, CONSIDERATION OF USAID POLICIES WITH RESPECT TO MEXICO ARE OF SUFFICIENT INTEREST TO MAKE FURTHER CONSIDERATION WORTHWHILE. THOUGH OUR OBSERVATIONS ON U.S. AID POLICIES ARE NOT INTENDED TO BE OF A UNIVERSAL NATURE, WE BELIEVE THE COMMENTS WILL HAVE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 14263 01 OF 02 252337Z

SOME GENERAL AS WELL AS SPECIFIC APPLICABILITY.

4. IT DOES NOT TAKE TOO MUCH IMAGINATION TO RELATE TO THE U.S. NATIONAL INTEREST THE PROVISION OF U.S. ECONOMIC AID IN CONNECTION WITH RELIEVING MEXICAN MIGRATORY PRESSURES. UNFORTUNATELY, THIS OBJECTIVE DOES NOT FIT IN TOO WELL WITH A STRATEGY OF HELPING MEXICO'S MOST NEEDY IN PROVIDING BASIC FOOD, HEALTH AND EDUCATION NEEDS. IT IS ESTIMATED THAT SOME FORTY PERCENT OF MEXICO'S POPULATION LIVES NO BETTER THAN IT DID IN 1910 BEFORE THE REVOLUTION. THESE PEOPLE HAVE NOT BENEFITTED FROM MEXICO'S ECONOMIC GROWTH AND THEIR SHARE OF THE NATIONAL PRODUCT IS VERY MUCH SMALLER THAN IN 1910. THEY LIVE MAINLY IN MEXICO'S CENTRAL SOUTHERN RURAL REGIONS AND ARE NOT IN THE MAIN BELIEVED TO BE THE PRIMARY SOURCES OF ILLEGAL MIGRATION.

5. WHILE NO ONE SHOULD UNDERESTIMATE THE SHORTAGES OF FOOD, HEALTH CARE AND EDUCATION IN SOME OF THE FRIGHTENING SLUM AREAS OF MEXICO'S CITIES--PERHAPS ONE MILLION SUCH NEEDY PERSONS LIVE IN THE CAPITAL SUBURB OF NAUCALPAN ALONE--WHAT IS NEEDED MOST IN MEXICO ARE

RURAL EMPLOYMENT OPPORTUNITIES. WE DO NOT KNOW IF VIABLE INVESTMENT OPPORTUNITIES, EITHER PUBLIC OR PRIVATE, CAN BE FOUND, BUT THE SUBJECT MERITS HIGH PRIORITY ATTENTION. THE GOVERNMENT INTENDS TO GIVE PRIORITY TO THE AGRICULTURAL AND PETROLEUM SECTORS IN ITS DEVELOPMENT PLANS. PRIVATE INVESTMENT IS CURRENTLY STAGNANT IN EVERY SECTOR; WHEN IT RESUMES, WE DO NOT EXPECT IT TO BE DIRECTED TOWARD RURAL AREAS. MUCH MIGHT AND SHOULD BE DONE IN RURAL AREAS, BUT THE POLITICAL PROBLEMS OF LAND OWNERSHIP AND EJIDOS POSE ALMOST INSUPERABLE BARRIERS.

6. THERE ARE EVEN SOME DOUBTS ABOUT THE EFFICACY OF HELPING TO PROVIDE BASIC EMPLOYMENT TO RURAL WORKERS IN

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MEXICO 14263 02 OF 02 252343Z
ACTION SP-02

INFO OCT-01 ARA-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SS-15
USIA-06 DHA-05 AID-05 COME-00 EB-08 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01
STR-04 CEA-01 IGA-02 MMO-01 IO-13 AGRE-00 INSE-00
/110 W

-----061318 260008Z /14

P 252331Z AUG 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC PRIORITY 4518

C O N F I D E N T I A L SECTION 02 OF 02 MEXICO 14263

THE AREAS OF GREATEST OUT MIGRATION IN ORDER TO CUT BACK ON ILLEGAL MIGRATION TO THE U.S. CERTAINLY MANY UNEMPLOYED WORKERS AND CAMPESINOS HEAD NORTH, BUT IT MAY WELL BE WAGE DIFFERENTIALS AND BETTER JOB OPPORTUNITIES THAT APPEAL TO THOSE WHO ARE EMPLOYED IN SOME CAPACITY HERE. IT IS THIS THEORY, INADEQUATELY SUBSTANTIATED BY RESEARCH, THAT MAKES US RESERVE JUDGMENT ON PRESIDENT LOPEZ PORTILLO'S THESIS THAT THE CREATION OF MORE JOBS IN MEXICAN AGRICULTURE WILL SOLVE THE ILLEGAL MIGRATION PROBLEM.

7. THE ACCEPTABILITY OF U.S. AID PROGRAMS TO THE GOM WOULD VARY ACCORDING TO THE CIRCUMSTANCES. WE CANNOT FORESEE THE POSSIBILITY OF THE GOM PERMITTING ANY U.S. BILATERAL AID TO THE VERY POOR, MAINLY INDIAN REGIONS,

THOUGH AID FROM MULTILATERAL DONORS WOULD PROBABLY BE ACCEPTABLE. IN ANY CASE, IN VIEW OF THEIR LARGE NUMBERS AND THEIR MARGINAL EXISTENCE, WE DOUBT IF AID IN THE QUANTITIES LIKELY TO BE MADE AVAILABLE WOULD HAVE ANY SIGNIFICANT EFFECT IN PERMANENTLY IMPROVING WELFARE AND WE SUGGEST THAT AID BE CONSIDERED PRINCIPALLY IN ALLEVIATING STARVATION THAT IS LIKELY TO OCCUR FROM
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 14263 02 OF 02 252343Z

TIME TO TIME IN PERIODS OF DROUGHT AS POPULATION INCREASES OUTRUN RESOURCES. ON THE OTHER HAND, AID IN THE WAY OF EMPLOYMENT CREATION ESTABLISHED IN THE AREAS OF GREATEST OUT-MIGRATION PROBABLY COULD BE MADE ACCEPTABLE, SINCE THE GOM WOULD RATIONALIZE THAT IT WAS BOTH OWED TO IT AS A RESULT OF THE USG CUTTING BACK ON MEXICAN ILLEGAL MIGRATION AND/OR AS PART OF A JOINT PROGRAM TO RELIEVE A JOINT PROBLEM. THE PROGRAM WOULD HAVE TO BE DRAWN UP WITH A VIEW TO MEXICO'S SENSIBILITIES IN THIS AREA, BUT WITH SOME IMAGINATION AND CARE, THIS SHOULD NOT BE AN INSOLUBLE PROBLEM. SUCCESSFUL U.S. PROGRAMS MIGHT HAVE TO INVOLVE MORE THAN MONEY; CHANGES IN TRADE POLICY, IN PARTICULAR, MIGHT BE MAJOR ELEMENTS.

8. SUCH ECONOMIC ASSISTANCE AS WE MIGHT EXTEND AND THE GOM MIGHT ACCEPT WOULD NOT, IN OUR VIEW, BE CONSIDERED AS A THREAT TO THE ESTABLISHED UPPER INCOME GROUPS. ON THE CONTRARY, ANY SUCH PROGRAMS WOULD RELIEVE THE PRESSURE FOR DOMESTIC CHANGE AND GREATER SOCIAL JUSTICE THAT SHOULD BE ACHIEVED THROUGH GREATER INCOME DISTRIBUTION. INCOME INEQUALITY IN MEXICO IS ONE OF THE MOST EXTREME AMONG ALL LDC'S. ACHIEVING A BETTER DISTRIBUTION DEPENDS ON A FUNDAMENTAL RESTRUCTURING OF MEXICAN SOCIETY, AND IN THE MEDIUM TERM AT LEAST SUCH RESTRUCTURING IS PROBABLY INCOMPATIBLE WITH RESUMED ECONOMIC GROWTH AND CONTINUED SOCIAL PEACE. IT IS CLEAR THAT ANY U.S. EFFORTS TO IMPROVE INCOME DISTRIBUTION, I.E. HIGHER TAXES, WOULD RUN INTO RESISTANCE FROM BOTH POLITICAL AND BUSINESS ELITES.

9. WE SEE NOTHING TO BE GAINED BY PROPOSING JOINT DEVELOPMENT PROGRAMS IN MEXICO BETWEEN THE U.S. AND COMMUNIST COUNTRIES, AND SUSPECT THE GOM WOULD BE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 14263 02 OF 02 252343Z

ABSOLUTELY OPPOSED TO SUCH SUGGESTIONS. JOINT DEVELOPMENT PROGRAMS WOULD PROBABLY HAVE THE POLITICAL EFFECT

OF GIVING COMMUNIST WORLD TECHNICIANS, EVEN IF UNDER
MULTILATERAL SPONSORSHIP, MORE LATITUDE IN MEXICO THAN
EITHER THE GOM OR THE USG WOULD WANT. WE HAVE NO
INDICATION OF INTEREST OF COMMUNIST OFFICIALS AND
DIPLOMATS IN JOINT DEVELOPMENT VENTURES. THOMPSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LESS DEVELOPED COUNTRIES, STUDIES, INDUSTRIALIZED NATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO14263
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770308-0283
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770824/aaaaatrv.tel
Line Count: 229
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4f657053-c288-dd11-92da-001cc4696bcc
Office: ACTION SP
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 191928
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1488106
Secure: OPEN
Status: NATIVE
Subject: NORTH-SOUTH STRATEGIES
TAGS: EGEN, ECIN, XX, US, MX
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/4f657053-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009